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C O N F I D E N T I A L SECTION 01 OF 02 MINSK 000727

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TREASURY FOR COLLEEN EDDY

E.O. 12958: DECL: 08/24/2017
TAGS: [EFIN](#) [KTFN](#) [PTER](#) [PREL](#) [BO](#)
SUBJECT: TRUSTBANK REQUESTS RECONSIDERATION BY TREASURY
DEPARTMENT

REF: A. 06 MINSK 260
[1](#)B. 05 MINSK 138
[1](#)C. 06 MINSK 605
[1](#)D. MINSK 508

Classified By: Charge Jonathan Moore for reason 1.4 (d).

Summary

[1](#)1. (C) Trustbank requested a meeting with post to seek a means to remove the bank from the Department of Treasury's list of money laundering concerns. Bank officials conceded its continued profitability remained highly doubtful without rehabilitation, and they offered to consider any recommendation of request to clear the banks name. While the bank may genuinely desire to comply with formally strict government regulations, its likely close informal relations with the government suggest a continued risk of GOB-sanctioned money laundering. End summary.

Financial Sanctions "Backing Us into a Corner"

[1](#)2. (C) On August 23, Acting Pol/Econ Chief meet with Trustbank's (ref A) General Manager Aleskandr Osmolovskiy, Board Member Vladislav Rachkevich and Consultant Igor Syrets, who said he was heading up an informal working group to help the bank restore its image in the wake of the 2004 decision by the Treasury Department to designate the bank (at that time named Infobank (ref B)) an institution of primary money laundering concern.

[1](#)3. (C) Rachkevich explained U.S. sanctions meant Trustbank took longer than its competitors to clear international transactions in dollars (which is the currency of choice for foreign deals in Belarus). As a result the bank found it hard to retain clients. Osmolovskiy added that the damage kept increasing. Last year the Ukrainian National Bank instructed Ukrainian financial institutions not to work with Trustbank, and Kazakhstan's national bank issued a similar regulation last month, according to the general manager.

Trustbank Maintains its Innocence and Offers Complete Audit

[1](#)4. (C) Osmolovskiy said the bank never laundered money, and he believed the individuals who claimed to launder money on behalf of corrupt officials circumventing the UN's Oil-for-Food program had fraudulently represented themselves as bank employees.

¶5. (C) Rachkevich said the bank fully complied with all Belarusian anti-money laundering (AML) regulations, which he classified as increasingly strict. Osmolovskiy gave us a 26-page list of the bank's internal controls. Rachevskiy claimed no GOB official had ever intervened to prevent the bank from reviewing its clients' transactions in accordance with regulations. Osmolovskiy noted that the bank, at the recommendation of the Belarusian National Bank, added two more staff members to its AML compliance section beginning in ¶2007.

¶6. (C) Osmolovskiy noted Trustbank did not have any clients of Iranian origin or have plans to work with Iranian banks, as had been rumored. He offered that Trustbank worked with one company with partial Venezuelan ownership, but that company was engaged in civilian construction projects only.

¶7. (C) The interlocutors offered to provide the most recent international audit to the USG, and said they would consider any recommendations or requests to demonstrate Trustbank did not facilitate money laundering and would not do so in the future.

No Government Interest Here

¶8. (C) All participants stressed Trustbank's 100 percent private ownership. Rachkevich explained that as a private bank, Belarusian state-owned enterprises were barred from even having accounts with Trustbank. With the Belarusian economy dominated by the state, the bank made the decision last year to focus on retail banking rather than fight for scarce SME clients.

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¶9. (C) Osmolovskiy discounted claims he or the bank were tied closely to the GOB (ref C). He did mention that his son-in-law worked as an aide to National Bank Chairman Prokopovich. Also, he sang the praises of Lukashenko's favorite "independent" politician, Sergey Gaydukevich, which was quite odd given the parliamentarian's lack of popularity (ref D).

Comment: Any Worse than Other Private Banks?

¶10. (C) Rachkevich, and to a lesser extent Syrets, appeared highly professional and genuinely committed to making Trustbank profitable through attracting reputable clients. However, Osmolovskiy was not convincing in distancing the bank from the GOB. His comments on Gaydukevich gave credence to rumors that the politician, who was implicated in the Oil-for-Food corruption scandal, has ties to the bank. Unfortunately, with many banks rumored to have close relationships to persons close to Lukashenko, it remains unlikely blacklisting Trustbank has had a lasting effect on the ability of the regime to launder ill-gotten gains.
Moore